Clarke, Patrice A

From: Bugg, Joy J.
Sent: Thursday, June 27, 2002 3:45 PM
To: Walk, Roger A.
Subject: FW: Wall Street Journal A/T

-----Original Message-----
From: Malito, Christina E.
Sent: Thursday, June 27, 2002 11:29 AM
To: Szymanczyk, Mike E.; Nelson, John R. "Jack"; Merlo, Ellen; Parrish, Steve; Poole, Jay; Roberts, Peggy; Desel, Paula; Tovar, David; Beran, Dave R.; Keane, Denise; Solana, Rick P.; Nyffeler, Urs; Murphy, Phillip A; Abshaw, Billy H.; Ryan, Thomas M.; McCormick, Brendan J.; Gross, Deane; Stover, Geoffrey; Dumpert, Jessica; Whatford, Mark; Pfeil, Michael E.; Tapie, Monique N.; Drogin, Jamie R.; Palmer, Rochelle; D'Angelo, Stephanie E.; Malito, Christina E.; Anziska, Evan
Cc: Carcich, Claire; Whidden, Roger
Subject: RE: Wall Street Journal A/T

Please see additional coverage of Vector study below:

Study says Omni cigarette causes fewer tumors in mice (Reuters)

NEW YORK, June 27 (Reuters) - Tobacco holding company Vector Group Ltd. <VGR.N> said on Thursday a study showed that its reduced carcinogen cigarette Omni caused "significantly" fewer tumors in laboratory mice than the leading national brand.

Preliminary results were obtained from a study on 40 mice, which were treated with the smoke condensate of Omni, and 40 mice with the condensate of the leading national brand.

Philip Morris Cos. Inc.'s <MO.N> Marlboro is the leading cigarette brand in the United States.

"The latest results show that 68 percent of the mice treated with the smoke condensate of the leading brand developed tumors compared to 20 percent of the Omni group mice - a 70 percent reduction," Vector said.

In the test, the mice's skin is "painted" with the condensate, or tar, to determine the potential of substances in cigarettes to cause the development of cancer.

Vector shares rose five percent to close at $16.74 on Wednesday, a bit above its year low of $15.25 and well below its high of $46.46.

Received by NewsEDGE/LAN: 6/27/2002 6:28 AM

-----Original Message-----
From: Ryan, Thomas M.
Sent: Thursday, June 27, 2002 8:17 AM
To: Szymanczyk, Mike E.; Nelson, John R. "Jack"; Merlo, Ellen; Parrish, Steve; Poole, Jay; Roberts, Peggy; Desel, Paula; Tovar, David; Beran, Dave R.; Keane, Denise; Solana, Rick P.; Nyffeler, Urs; Murphy, Phillip A; Abshaw, Billy H.; McCormick, Brendan J.; Malito, Christina E.; Gross, Deane; Stover, Geoffrey; Dumpert, Jessica; Whatford, Mark; Pfeil, Michael E.; Tapie, Monique N.; Drogin, Jamie R.; Palmer, Rochelle; D'Angelo, Stephanie E.
Cc: Carcich, Claire; Whidden, Roger
Subject: RE: Wall Street Journal A/T

The following is the resulting story from the WSJ. It appears today on page B1.

Advertising
`Safer' Smokes May Put Lab Results in Ads
By Gordon Fairclough

06/27/2002

PM3006440505

Source: https://www.industrydocuments.ucsf.edu/docs/ygkj0001

The Wall Street Journal
B1
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IN THE 1950s, scientist Ernst L. Wynder shook the **tobacco** industry with a ground-breaking experiment that graphically linked smoking and cancer. Dr. Wynder painted the backs of laboratory mice with tar from Lucky Strike cigarettes. The result: Disfiguring tumors.

Now, cigarette maker Vector Group Ltd. is using a reprise of that same test in an effort to show that its new Omni cigarette, which is specially treated to reduce levels of some carcinogens, is potentially less hazardous than "the leading national brand" -- Marlboro. Sixty-eight percent of mice painted with tar from Marlboros developed cancer, while just 20% painted with tar from Omni did, Vector says.

Vector, parent of discount cigarette maker Liggett Group, is eager to release the test results, especially since Omni's sales so far have lagged, despite a $25 million national ad campaign. The company is expected to report its findings tomorrow at a meeting in Boston between **tobacco** companies and Massachusetts health department officials.

Vector's findings will add fuel to the debate over U.S. cigarette makers' efforts to develop and market potentially less-risky smokes. **Tobacco** companies are jockeying for advantage as they race to get new cigarettes to market. And they are moving into uncharted territory as they decide what to say in ads for the new, unproven products. In the past, **tobacco** companies have been nervous about using health issues too explicitly in their marketing: It reminds customers that cigarettes are deadly.

Vector hopes that announcing the tests will generate publicity for Omni. "We're really encouraged by these results," says Tony Albino, a veteran cancer researcher who is now Vector's vice president for public-health affairs. "It shows that the reduction in known carcinogens is meaningful."

A Vector spokesman says the company is considering using the test results in its ads, but that a final decision hasn't been made. "It's important information," the spokesman said.

Public-health authorities have been watching the moves anxiously, fearful that the **tobacco** companies' innovations will eventually prove to be a series of empty promises. In the meantime, they worry, the newfangled cigarettes could end up discouraging smokers from quitting and possibly entice nonsmokers to light up. Moreover, they say that even the famous painted-mice test -- unless combined with a battery of other tests -- doesn't prove much. Vector says it plans to conduct more tests.

Vector is the only company now selling a potentially less hazardous cigarette nationally. Some state attorneys general complained to Vector about its original ads for Omni, which touted the cigarette with the slogan: "Reduced carcinogens. Premium taste." Vector included a disclaimer that the reductions in toxic chemicals "have NOT been proven to result in a safer cigarette." But the attorneys general said the ads made an unsupported, implied health claim and threatened legal action.

"We want to make a stronger statement. They want a weaker one," says Vector's chairman, Bennett S. LeBow. "It's okay to advertise Marlboro, but not Omni? Why is it that you can't take out some of the bad stuff and tell people about it? It shows a profound contempt for the consumer."

Tobacco in Omni cigarettes is treated with a combination of chemicals, including palladium, a metal most commonly used in catalytic converters on cars. That treatment, along with a new, carbon-filled filter, has resulted in smoke with lower levels of a number of toxins and cancer-causing compounds, Vector says.

Other **tobacco** companies also are rushing to roll out cigarettes with lower levels of toxins. Brown & Williamson **Tobacco** Corp., a unit of British American **Tobacco** PLC of London, is test marketing a cigarette known as Advance in and around Indianapolis. R.J. Reynolds **Tobacco** Holdings Inc., meanwhile, is selling its unconventional Eclipse cigarette, which heats **tobacco** rather than burning it, in Dallas.

Researchers at **Philip Morris** Cos., the country's largest cigarette company and the maker of top-selling Marlboro, are also speeding ahead with work on a reduced-risk-cigarette project known as SCOR, short for selective constituent reduction. Chairman Louis C. Camilleri sees potentially less risky cigarettes as an important way for **Philip Morris** to increase its U.S. market share.

But the evidence from the marketplace isn't very compelling thus far. None of the new cigarettes has been a big hit

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Source: https://www.industrydocuments.ucsf.edu/docs/ygkj0001

with smokers. Sales of Omni have been so slow that Vector is rethinking its advertising strategy. Eclipse, likewise, has failed to gain much of a following anywhere that it's been tested.

"People smoke for the image and the high and cigarettes like Omni don't provide any image," says Martin Feldman, a **tobacco** analyst at Merrill Lynch in New York. "A brand whose biggest selling point is technology is never going to sell" the way a traditional brand would. He says the new technologies most likely would have to be married with existing big brand names in order to succeed in the market.

Smokers also seem wary of cigarette makers' claims. Many say they would rather quit than switch to anything that doesn't taste as good as their usual brand, even it would reduce the risks to their health. Focus groups of smokers convened by the Massachusetts health department's **tobacco**-control program, viewed ads for Omni and Brown & Williamson's Advance with skepticism.

"I don't believe any of it. A cigarette's going to kill you eventually," said one woman who participated in the focus groups. "These ads promise the world. That's baloney." Another smoker added: "I think they're doing this because cigarette sales are falling. That's why they're coming out with them."

Philip Morris, which has so far moved more slowly than its smaller rivals in bringing the new cigarettes to market, has been pushing hard for Congress to give the Food and Drug Administration authority to regulate **tobacco** and establish standards for reduced-harm cigarettes. The company believes smokers will be more likely to trust claims backed by the government.

"A regulatory framework is very important. It's not necessarily essential," says **Philip Morris**'s Mr. Camilleri. But even without regulation, "we would probably approach the FDA and public-health experts before we would make any claims," he says.

Many **tobacco**-control experts believe that any claims need to be tightly regulated. Indeed, many antismoking advocates believe that the best of all worlds would be for the FDA to be able to order changes that would make cigarettes less dangerous while barring companies from publicizing them.

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-----Original Message-----
From: Ryan, Thomas M.
Sent: Wednesday, June 26, 2002 4:44 PM
To: Szymanczyk, Mike E.; Nelson, John R. "Jack"; Merlo, Ellen; Parrish, Steve; Poole, Jay; Roberts, Peggy; Desel, Paula; Tovar, David; Beran, Dave R.; Keane, Denise; Solana, Rick P.; Nyffeler, Urs; A. Murphy Phillip (E-mail); Billy Abshaw (E-mail); Brendan McCormick (E-mail); Christina Mafito (E-mail); Deane Gross (E-mail); Geoffrey Stover (E-mail); JessicaDumpert; Mark Whatford (E-mail); MichaelPfeil; MoniqueTaple; R. Drogin Jamie (E-mail); RochellePalmer; StephanieD'Angelo
Cc: Carcich, Claire; Whidden, Roger
Subject: Wall Street Journal A/T

Following discussions yesterday, Rick Solana and Mike Pfeil spoke with Gordon Fairclough at the Wall Street Journal regarding the Thursday/Friday meeting with Greg Connolly and the Massachusetts Department of Health. Rick discussed reduced exposure processes - including clinical and non-clinical studies - that we plan to present to the MA Dept. of Health. There was also a brief discussion of the Total Exposure Study (TES). Mike and Rick did not discuss any specific products under development.

We should expect a story in tomorrow's WSJ on reduced risk products throughout the tobacco industry, and Omni and Advance are likely to be discussed.

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PM3006440507

Source: https://www.industrydocuments.ucsf.edu/docs/ygkj0001